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THE REGIONAL DIMENSION

Special Programme for Industrial Development in the Arab Countries, including technical assistance to the Palestinian people

Report by the Director-General

Summary

Provides information on projects addressing priority areas identified by the General Conference and on other aspects of the Special Programme, as well as on technical assistance to the Palestinian people.

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Introduction

1. In accordance with General Conference resolution GC.5/Res.13 on the Special Programme for Industrial Development in the Arab Countries, the operational activities of the Programme have been refocused on the key priority areas identified by the resolution, within the context of the medium-term plan and the five development objectives of the Organization. Addressing those priorities, initiatives have been taken to conceive and implement an integrated and coherent programme/projects package of regional activities for the Arab countries, some of which are highlighted below in respect of each of the General Conference recommendations. In view of their multidisciplinary nature, these activities address two or more of the recommendations simultaneously. Details regarding these and other projects are available with the Secretariat.

2. The present document also supplements information provided in the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.C) and should be considered in conjunction with that text.

I. PRIORITY AREAS
(GC.5/Res.13, para. 1)

Human resource development

3. A regional workshop on capacity-building in technology transfer negotiations and contract negotiation will represent a means to creating and/or strengthening national and regional capacities in technology acquisition and negotiation (Amman, Jordan, late 1995).

4. Regional workshop on maintenance of industrial boilers in Arab least developed countries (LDCs) (Cairo, Egypt, mid-1995): Industrial maintenance remains one of the highest priority areas in Arab LDCs due to decreased production and increased consumption of scarce spare parts. By applying basic maintenance management—which consists essentially of moving from a breakdown maintenance practice to a preventive inspection and maintenance formula—use of production tools, productivity and competitiveness are improved.

Development of national and regional technological capacities

5. Assessment of instrumentation facilities and services available in the countries of the Western Asia subregion: The project is aimed at making an assessment of instrumentation facilities and services available in the countries of the subregion to investigate the creation of a regional centre for instrumentation repair and services and developing various instrumentation services in Jordan, Lebanon, Syrian Arab Republic and Gaza.

6. Cooperation in the field of catalysts in the Middle East and North Africa: Chemical industries in the countries of the Middle East and North Africa are highly dependent on catalysts, necessitating massive applied research on catalysis and catalytic reactions. The importance of catalysts has been emphasized in many meetings on petrochemical industries organized by UNIDO. By taking this initiative, UNIDO will assist an industrial sector of strategic importance for most Middle East and North African countries.

Upgrading the competitiveness of industrial products

7. Workshop on the potential for cooperation among Gulf countries in the production of machine tools (Dubai, United Arab Emirates, late 1995): The problems of the machine tool industry specific to Arab countries could be summarized as diseconomies of scale, lack of sound engineering infrastructure, limited skilled manpower, high cost of both capital and factor inputs—notably cost of civil works, and technology acquisition. It is within this framework and on the basis of discussions held with officials from various countries of the Gulf that an opportunity study for establishment of a plant to manufacture machine tools is being prepared by UNIDO. The workshop will review the results and findings of the study.

8. Workshop on productivity in industrial establishments (Damascus, Syrian Arab Republic, late 1995): The Arab countries have adopted policies to foster their economic development through industrialization. With this goal in view, these countries have taken measures to enhance awareness of and to improve industrial productivity through, *inter alia*, holding regional workshops in which various aspects of productivity improvement are discussed and related experiences and views exchanged.

Standardization and quality control

9. Preparatory assistance for the assessment of textile industry quality systems: This project constitutes an assessment of total quality management systems (TQM) in the textile industry in order to produce a quality manual for this sector following the ISO 9000 standards to ensure international competitiveness.

10. Regional workshops on ISO 9000, quality management and quality assurance standards, guidelines and impact on the industrial sector (Beirut, Lebanon, January 1995): A regional seminar on ISO 9000 and TQM was held under the sponsorship of the Economic and Social Commission for Western Asia (ESCWA).

UNIDO presented two technical papers on ISO 9000 and TQM at the seminar and guided its discussions.

Industrial management information

11. Training workshop on the application of the UNIDO Computer Model for Feasibility Analysis and Reporting (COMFAR) in investment project appraisal (mid-1995): The workshop aims to widen the application of modern, proven methodologies of investment project appraisal and, in particular, to improve the skills and capabilities of the staff of ministries of industry and relevant institutions from Arab Industrial Development and Mining Organization (AIDMO) member countries in carrying out financial and economic appraisal of investment projects using the COMFAR software.

Food security through the development of agro-industries

12. Regional workshop on the development of the agro-related metalworking sector: The development of the agro-related metalworking industry remains a key priority area in Arab countries. This project is designed to provide catalytic assistance in terms of technical support to agro-related metalworking industries through fuller technology exchange and promotion of regional cooperation by identifying a number of common constraints that could be addressed at the regional level, together with identification of technical cooperation project concepts.

13. Expert group meeting on strategies for development of marine agricultural and industrial biotechnology (Abu Dhabi, United Arab Emirates, late 1995): The project proposes to formulate regional strategies and a plan of action on marine biotechnology, making use of underexploited marine resources in the region. The project will bring together national experts on marine or closely related biotechnology from the Arab region to discuss challenges and opportunities. Assisted by UNIDO and ESCWA technical staff and other international and regional experts, national experts will determine areas most promising for regional economic development.

II. FRAMEWORK FOR PROGRAMME DEVELOPMENT
(GC.5/Res.13, para. 2)

14. In order to consolidate the above and future activities of the Programme in an integrated and synergetic framework, two major analytical investigations were also launched in the reporting period. The first concerns a detailed analysis of the potential for Arab cooperation in industrial development. The study highlights the major changes occurring at present in the industrial sector world-wide, pinpoints specific problems and constraints encountered in fostering industrial cooperation among Arab countries and identifies remedial measures. The report contains concrete proposals and an action programme for regional cooperation with respect to a wide spectrum of fields from investment and joint venture arrangements to environment and industrial pollution control. Conducted in close cooperation and coordination with AIDMO, the study is in the final stages of preparation.

15. The second investigation—a programming strategy for UNIDO support of industrial development in the Arab countries—develops a coherent and focused strategy for the future activities of the Special Programme based on an in-depth analysis of regional and global industrial trends, UNIDO's comparative advantages and core competence and recent experience in planning and implementing activities in the region. Based on that assessment, the priority needs are identified as technical cooperation in privatization and private sector development, in rehabilitation of industrial enterprises, in achieving international competitiveness, in gaining access to technology, in generating employment and in implementing regional cooperation.

16. Significantly, the study develops some new approaches in meeting the emerging challenges, notably in identifying innovative working modalities with private sector enterprises, in delineating specific requirements for speedy responses to passing windows of opportunity, in leveraging financial resources and finally in defining arrangements for closer working relations with regional and subregional organizations.

17. In pursuing the above activities, close cooperation and coordination continued and intensified in the reporting period with various regional and subregional organizations and development financing agencies.

18. Following the conclusion of a trilateral cooperation agreement signed in February 1994 with ESCWA and AIDMO in which the further strengthening of ties through the implementation of joint activities was envisaged, a number of concrete steps have already been taken with a view to fulfilling the provisions of the agreement. In this light, most of the programme/project elements of the regional activities package referred to above have been conceived, cost-shared and have been or will be implemented with the active involvement of these collaborating organizations, most notably capacity-building programmes in technology transfer negotiation, the regional seminar on ISO 9000 and TQM, and the meeting on strategies for development of marine agricultural and industrial biotechnology as joint projects with ESCWA. An assessment of the implications for

Arab industry of the GATT Uruguay Round Agreements will be jointly conducted with ESCWA and AIDMO.

19. As examples of collaborative arrangements with AIDMO can be cited the workshop on productivity in industrial establishments, an assessment of technical cooperation needs of the sugar industry in the region, and the workshop on maintenance of industrial boilers for Arab LDCs.

20. With respect to the League of Arab States, a relationship agreement was signed in June 1994 identifying the following areas of cooperation with UNIDO: development and transfer of technology; regional development and localization of industries; forecasting of trends in industrial production in the region; industrial policies and strategies; direct technical cooperation to industry in the region; management of industrial surveys; and training of industrial manpower. To this end, UNIDO has formulated concrete proposals to the substantive departments of the Arab League for joint activities, particularly in the fields of environment, the petrochemical industry and industrial statistics.

21. Regular budget appropriations for the 1994-1995 biennium for financing of these regional activities exceed $500,000, although their net worth is considerably higher in view of cost-sharing and financial contributions by collaborating agencies. Other sources of funding, such as special-purpose contributions to the Industrial Development Fund, regional finance institutions and recipient cost-sharing arrangements, have also been tapped for the regional activities.

22. Through additional staffing in both Professional and General Service categories, the management capability of the Arab Countries Programme has been strengthened.

III. TECHNICAL ASSISTANCE TO THE PALESTINIAN PEOPLE

23. In the context of UNIDO efforts to promote socio-economic development through sound and sustainable industrial development, a programme strategy for services to the Palestinian people has been prepared to support industrial development in the West Bank and Gaza Strip in ways that will improve living standards and welfare. The strategy is based on an analysis of short- and medium-term prospects for and constraints to Palestinian industrial development, the primary needs of the sector, and the explicit policies and priorities for industrial development articulated by the Palestinian Authority. Technical cooperation will focus mainly on the following areas:

(a) Private sector development for industry;

(b) Small and medium enterprises;

(c) Human resource development for industry;

(d) Acquisition and application of new technologies to enhance competitiveness;

(e) Regional industrial cooperation and integration.

24. Some 14 project concepts related to the above areas of cooperation have been identified and discussed with the Palestinian Authority and various industrialists. Project documents have already been prepared for these concepts. Recently UNIDO has approved most of the smaller projects to be funded through its own financial resources. However, large-scale projects would require further preparatory assistance in order to design and develop a full-scale project document. As an initial part of this programme, UNIDO in cooperation with the Palestinian Authority will organize a joint workshop with representatives of the industrial sector with a view to identifying and prioritizing problems to be addressed through a framework of industrial policies, institutional support services and direct advisory services.

25. In addition to the programme strategy, UNIDO will provide support in the execution of industry-related programmes and projects as identified by funding entities, in particular within the World Bank Emergency Assistance to the Palestinian People. A concrete dialogue with the World Bank is taking place especially in areas such as small- and medium-scale enterprises, industrial sector as well as private sector development. A similar dialogue is taking place as well with the United Nations Development Programme, within the framework of its Programme of Assistance to the Palestinian People.

IV. ACTION REQUIRED OF THE BOARD

26. The Board may wish to take note of the information contained in the present document and to provide guidance for further action.